

Message Text

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14

ACTION NEA-10

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TAGS: PINS, ECON, IS, JO

SUBJ: "EQUALIZATION" TAX ON WEST BANK

REF: JERUSALEM 866, AMMAN 3542

1. DURING BRIEF CONVERSATION WITH ECONOFF ON 7 JULY 1976, ZAFER AL-MASRI, DEPUTY MAYOR OF NABLUS, DIRECTOR OF THE NABLUS CHAMBER OF COMMERCE, AND ONE OF LEADING SPOKESMEN FOR WEST BANKERS IN DISCUSSIONS WITH MILGOV OVER THE IMPLEMENTATION OF "EQUALIZATION TAX" ON THE WEST BANK, SAID THAT MILGOV ADVISED WEST BANKERS TO SUBMIT THEIR OPPOSITION TO THE TAX IN WRITING; THAT ORAL PROTESTS COULD NOT BE ACTED UPON. ACCORDINGLY, THE WEST BANKERS WERE GOING TO SUBMIT A WRITTEN PROTEST. (COMMENT: CHAMBERS OF COMMERCE JUNE 15 PROTEST TELEGRAM TO MILGOV APPARENTLY DOES NOT SATISFY "WRITTEN" CRITERIA.) IN RESPONSE TO QUERY, AL-MASRI SAID THAT THEIR PROTEST WOULD BE BASED ON SAME THREE POINTS PRESENTED TO MILGOV ON JUN 30:

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A. GENEVA CONVENTION PREVENTS IMPOSITION OF NEW TAX ON

OCCUPIED PEOPLE BY OCCUPIERS.

B. STANDARD-OF-LIVING ON WEST BANK IS NOT EQUAL TO THAT OF ISRAEL; THAT ECONOMIC SITUATION ON THE WEST BANK IS BAD AND DETERIORATING, AND THAT THE TAX WOULD IMPOSE UNDUE HARSHIP ON THE PEOPLE OF OCCUPIED TERRITORIES.

C. JORDAN DOES NOT HAVE A COMPARABLE TAX.

2. AL-MASRI WAS OF OPINION THAT THE PROTEST, EVEN IN WRITING, WOULD HAVE LITTLE EFFECT IN PREVENTING THE TAX FROM BEING IMPOSED ON AUGUST 1, 1976 AS SCHEDULED. HE HAD IMPRESSION FROM COMMENTS OF ISRAELI DEFENSE MINISTER PERES AND ANOTHER, UNNAMED GOVERNMENT OF ISRAEL (GOI) OFFICIAL, THAT SOME PVHVSQBQ MODATION MIGHT BE MADE BY EXEMPTING CERTAIN, BUT UNSPECIFIED, BUSINESSES FROM THE TAX, E.G., PROFESSIONALS; HOWEVER, TRADESMEN AND BUSINESSMEN WOULD NOT BE EXEMPTED, IN HIS OPINION. REGARDING IL 75,000 EXEMPTION (BUSINESSES GROSSING UNDER IL 75,000 ANNUALLY ARE EXEMPTED FROM PROVISIONS OF NEW TAX), AL-MASRI SAID THAT IF APPLICANT FOR EXEMPTION UNABLE DOCUMENT SALES FIGURES AND MILGOV REJECTED REQUEST FOR EXEMPTION, MILGOV WOULD ESTABLISH ITS OWN ESTIMATE OF GROSS SALES AND TAX BUSINESS ESTABLISHMENT ACCORDINGLY. IN FACT, TAX OFFICIALS WERE ALREADY SURVEYING CHAIRS AND TABLES OF RESTAURANTS, INVENTORYING STOCKS, ETC. TO USE AS BASIS FOR ESTABLISHING GROSS SALES NORMS. MILGOV HAS OFFERED TO PROVIDE TIN CONTAINERS TO MERCHANTS INTO WHICH THEY COULD PUT COLLECTED TAX AND TAX COLLECTOR WOULD PICK UP MONTHLY.

3. AL-MASRI SAID THAT MERCHANTS AND MANUFACTURERS PURCHASING GOODS FROM ISRAELIS OR IMPORTING THROUGH ISRAEL HAD NO CHOICE BUT TO CHARGE THE TAX SINCE IT ALREADY WOULD HAVE BEEN COLLECTED BY THE GOI BEFORE THE GOODS COULD BE PICKED UP. ALTERNATIVE WOULD BE TO CLOSE SHOP. WEST BANKERS PRIMARILY INVOLVED IN SERVICES PLAN TO BOYCOTT THE TAX. HE DECLINED TO PREDICT WHAT FURTHER ACTION WEST BANKERS MIGHT TAKE; PROBABLY THERE WOULD BE MORE STRIKES AND DEMONSTRATION - THE ONLY MEANS AVAILABLE TO WEST BANKERS.

4. COMMENT: WHEN ECONOFF REFERRED TO 18-PAGE MIMEOGRAPHED LIMITED OFFICIAL USE

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PAMPHLET, "ADDITIONAL EXCISE" STILL LYING ON THE COFFEE TABLE WHERE IT WAS DURING ECONOFF'S PREVIOUS VISIT ON JUNE 30, AL-MASRI SAID HE HAD NOT BOTHERED TO READ IT. HE REMARK TENDS TO SUGGEST THAT HE HAS LITTLE OR NO REAL INTEREST IN TECHNICAL DETAILS GOVERNING IMPLEMENTATION OF NEW TAX, OR IN BEING ADEQUATELY PREPARED TO PRESENT A KNOWLEDGEABLE PROTEST TO THE MILGOV. HE APPEARS TO BE USING BROAD-BRUSH AND PLAY-BY-EAR APPROACH. AS INDICATED IN REFTEL, BOOKKEEPING

REQUIREMENT AND POSSIBILITY OF PAYING SIGNIFICANTLY HIGHER
INCOME TAXES A MAJOR FACTOR IN WEST BANK OPPOSITION TO NEW
TAX. WHILE PROTESTS MAY REMAIN DORMANT REST OF JULY, UNLESS
THERE IS MAJOR POLICY CHANGE ON PART OF GOI REGARDING IM-
PLEMENTATION OF TAX ON AUGUST 1, BOYCOTTS, STRIKES AND
DEMONSTRATIONS, WITH ACCOMPANYING CURFEWS AND MILITARY
REACTION, LIKELY OCCUR BEGINNING LATTER DATE.
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